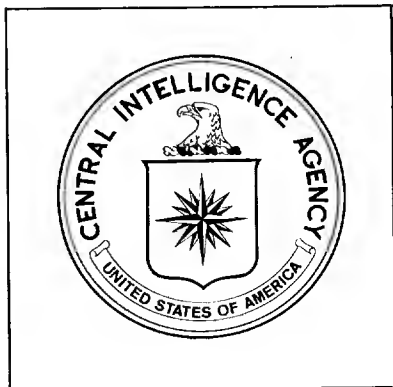


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**Middle East
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MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Ghana*Economic Woes Threaten To Erode
Regime's Support*

1,4 Criticism of Colonel Acheampong's military regime is growing among both soldiers and civilians as Ghana's economy continues to decline under the impact of rising energy costs, inflation, and falling cocoa prices. Opposition elements--dissident officers of the Ewe tribe and former officials in Prime Minister Busia's civilian government, which 2 Acheampong overthrew in January 1972--are showing signs of greater activity and may try to stir up unrest. Also, there are indications that bickering within the 10-man ruling council is on the rise, in part because of differences over the policies that 3,4 should be pursued to improve the economic situation.

4 Acheampong is trying to deal with Ghana's economic difficulties but is hampered by government inefficiency and incompetence. He realizes his government is particularly vulnerable to charges of mismanagement because he justified his overthrow 3 of the Busia government on just such charges.

2 For now, the junta's grip on power still seems intact and the security forces are keeping close tabs on suspected plotters. General Okai, the chief of the defense staff, has been holding meetings with field grade officers, an important part of the regime's power base, to try to convince them that Ghana's economic problems are not as bad as rumored. At these meetings, officers have been briefed on the steps the government is taking or plans to take to deal with the economic situation. The blame for Ghana's woes is put primarily on worldwide economic conditions and on "sabotage" by hoarders and smugglers. The patience of the officers corps may be put to a test next month when General Okai reportedly will 4 propose a sizable reduction in the armed forces in an effort to cut military spending. (SECRET NO

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Bangladesh*Aid Meeting*

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The Western consortium is meeting this week to review the Bangladesh economy and to discuss the need for additional foreign aid.

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Bangladesh President Mujib, in anticipation of this meeting, acceded to recommendations of the International Monetary Fund and devalued the Bengalee currency by 37 percent on May 17. He fears the inflationary effects of the devaluation, but he is even more concerned about getting more aid. Foreign aid is indispensable. The Fund will probably now release some \$108 million that it has been withholding until Bangladesh made certain economic policy changes.

1

Mujib has responded to donor pressure by speeding the organization of a population control program. He has also intensified efforts to control smuggling, increase government purchases of domestic rice, and improve administrative procedures.

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Even without this formal consultation, President Mujib would have had to take account of donor advice. Aid disbursements of over \$900 million in fiscal 1975 provided almost three times as much foreign exchange as Bangladesh earned from exports. Aid contributes about as much to the government budget as do taxes, which themselves are derived in part from levies on imports financed by aid.

The Soviet Union, India, Iraq, and Abu Dhabi are important donors to Bangladesh that do not participate in the consortium. (CONFIDENTIAL)

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